

IDAHO RED BOOK

Unemployment Insurance Financing, Benefit Costs and Experience Rating Report

Published 2019

Idaho Department of Labor

Division of Communication & Research

The Red Book data is subject to corrections and revisions.

Idaho Unemployment Insurance

Financing, Benefit Costs and Experience Rating Report



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Additional copies of this publication may be obtained through:

Idaho Department of Labor
Communications & Research Bureau
(208) 332-3571 or (800) 772-2553

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Published December 2019

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Foreword

The 2019 Idaho Unemployment Insurance Financing, Benefit Costs and Experience Rating Report provides information about the structure, development, history and current status of Idaho's unemployment insurance program. We hope this information will serve as a reference on benefit costs, benefit financing and experience rating. Please call Les Smart at (208) 332-3570 ext. 3200 if you have any questions or suggestions.

Jani Revier

Director



Preface

Unemployment Insurance is Necessary to Offset Recessionary Impacts

For many Idahoans, income received from the unemployment insurance program is crucial for meeting the demands of daily life. Without the unemployment insurance system, the hardships of thousands of Idahoans without work and struggling to support their families and pay their bills would be amplified during periods of temporary unemployment.

The data in this report must be considered an abstract. Interspersed with the tables and figures is a brief analysis and some background information. The data narrative pertains mostly to factors that affect Idaho's unemployment insurance trust fund. This report includes series corresponding to state unemployment insurance but excludes local governments, federal and charitable organizations that are in the unemployment insurance program on a cost-reimbursement basis.

Trust Fund Adequacy

General Principles

The trust fund financing system attempts to forward fund the insurable unemployment risk. The overriding principle of building a trust fund to pay unemployment insurance benefits is that fund reserves should be adequate during periods of economic health to pay benefits during economic downturns. Keeping the trust fund balance high enough to maintain fund solvency during recessionary times while avoiding tax increases is the ideal goal of the unemployment insurance system.

Ideally, this system should be countercyclical. When the economy experiences a downturn, a drawdown of the fund occurs because of increased unemployment benefit payments while tax revenues flowing into the fund decrease. Conversely, during periods of relative economic health, benefit payments decrease while tax revenues flowing into the fund increase as payrolls expand. In Idaho, countercyclical taxation is somewhat achieved through the lag-time built into the tax system. But countercyclical taxation is only effective if recessions are relatively short or moderately severe. For the first time in state history, the 2007 recession tested the boundaries for solvency of the trust fund, sending the fund balance into negative territory in 2009 until short-term federal loans brought it back into solvency in 2010. Idaho issued bonds to pay off the federal loans in August 2011. The bonds Idaho issued were paid off in August 2015.

The fundamental issue is the size of the trust fund reserve to meet a potential drawdown in a recessionary economy. The absolute dollar balance of the trust fund has little value in determining the financial health of the fund. The balance must be assessed relative to known actuarial variables such as the high-cost multiple, average high-cost multiple and the ratio of the fund to total wages. Idaho uses the average high-cost ratio of the last 20 years as the barometer of solvency.

Trust Fund Trend

The recession, which began in December 2007, depleted Idaho's trust fund, requiring Idaho to bor-

row federal money to pay benefits in 2009 and 2010. Table 1 shows that the relative solvency of the fund has been increasing over the last 7 years.

TABLE 1: Trust Fund Balances without Reserve Funds

End of Calendar Year	Balance (\$)
2018	659,209,694
2017	586,589,957
2016	506,730,449
2015	455,812,768
2014	471,851,465
2013	397,414,818
2012	286,794,227
2011~	173,163,858
2010*	104,486,624
2009	-
2008	80,755,458
2007	192,190,485
2006	174,434,981
2005	130,421,046
2004	106,928,525
2003	126,802,577
2002	189,914,135
2001	231,114,901
2000	270,052,626
1999	262,514,882
1998	263,032,240
1997	274,562,935
1996	259,261,240
1995	238,612,039
1994	239,366,400
1993	239,996,013
1992	242,620,136
1991	233,512,799
1990	242,620,136
1989	211,056,297
1988	169,854,239
1987	123,229,602
1986	94,431,892
1985	78,721,677
1984	55,096,831
1983	19,545,062
1982	26,850,066

~Bond money was used to pay federal loans

*2010 Includes borrowed federal money

Figure 1, on page 8, shows the fund was relatively strong up to 2005 despite a legislated freeze of tax rates. The tax freeze ended in 2004 with the 2005 rewrite of Idaho's unemployment law that resulted in a substantial tax reduction for most experience-rated employers.

In addition, the stability of the fund at the time was attributed to record low insured unemployment rates, rapid growth in covered employment and the resulting growth in taxable wages immediately preceding the law's revision.

Before the 2007 recession, the trust fund balance was at a high point in 2000, preceding the three-year tax freeze and the revision of the law that lowered the target for a healthy fund by requiring a balance equal to 80 percent of the average benefit cost in the highest three of the most recent 20 years. While the rewrite of the law significantly lowered employer contributions, the strength of the trust fund dramatically decreased even as its liability steadily rose with more covered employment year after year.

During the 2007 recession, benefits were paid at record high weekly maximums more than surpassed revenues being generated from historically low tax rates. These factors forced the state to tap into federal loans to continue to pay benefits once the fund was depleted in 2009.

Additional hurdles to re-establishing the health of the trust fund were directly attributed to rapidly decreasing payrolls and vanishing revenue from interest normally generated from positive trust fund balances.

Legislative action in 2010 rebuilt the level of solvency by adjusting the formula's solvency multiplier from 0.8 to 1.5 in annual increments of one-tenth at a time. The first increment from 0.8 to 0.9 took effect in 2012, 1.0 in 2013 and continued until the multiplier reached 1.5 in 2018.

High Cost Multiple

Both wages and unemployment insurance benefits are dynamic, especially during periods of inflation, and the potential liability to the trust fund cannot be gauged by an absolute dollar amount. The premise of the high-cost multiple is to maintain a high enough balance to be able to pay the average of the three highest cost years of the previous 20 calendar years.

In 2005, Idaho legislated the average high-cost multiple as the measure of strength for the fund's solvency but reduced the ability of the system to collect more than 80 percent of the recommended revenue this solvency measure would require. Since the average high-cost multiple is a two-year lagging indicator, it was not until 2007 that a rapid decline in fund solvency began showing under this measure of 80 percent of what would be necessary to build a strong fund. Additionally, high costs from the 1980s recession started to drop from the calculation of the average of the three high cost years in the last 20 years which further understated the need for revenues.

The unintended consequence of this formula was to make the tax structure look strong when in reality it could not prevent fund depletion for any increased liability greater than 80 percent of the costs previously experienced.

Furthermore, the 0.8 multiplier, which restricts contributions to 80 percent of what would otherwise be needed, on average limits the capacity of the unemployment program to maintain a solvent fund. These circumstances coupled with economic deterioration rendered the fund insolvent in 2009.

Ratio of Fund to Wages

The ratio of the fund to total wages is a relative measure of fund adequacy. The rationale of this measure is that as total covered wages increase, the potential liability to the fund also increases because of employment growth and wage inflation.

Fund Adequacy by Criteria

Table 2, on page 9, provides historical data on Idaho's trust fund adequacy criteria from 1987 through 2018. The fund adequacy dropped significantly in 2009, ultimately reaching its lowest possible point; a zero balance. Figure 1 shows the sharp decline of the high-cost and average high-cost multiples indicating the reduced capacity of the fund to respond during challenging economic times.

Figure 1. Unemployment Insurance Trust Fund Balance 1989 - 2018

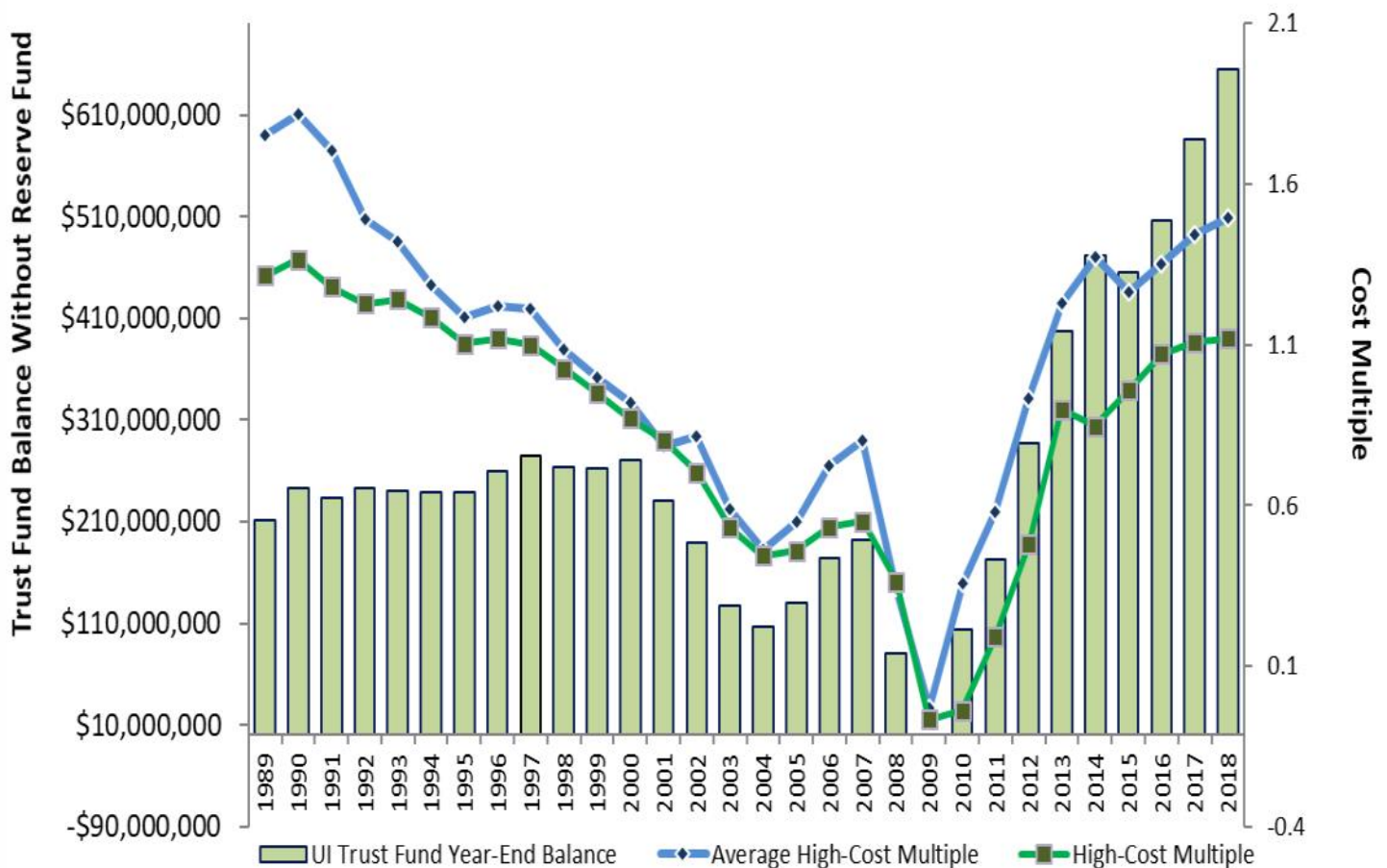


Table 2. Trust Fund Adequacy Criteria

Ratio Year End Trust Fund Balances, excluding Reserve Fund Balances, to Covered Wages and Cost Multiples

1987 - 2018

Year	December Trust Fund Balance (\$000)	Covered Wages (\$000)	Ratio (Balance to Wages) Trust Fund Balance to Covered Wages	AHCM (Average High Cost Multiple)	HCM (High Cost Multiple)
2018	655,210	24,064,989	0.0272	1.50	1.12
2017	586,590	22,018,716	0.0266	1.45	1.11
2016	506,730	21,014,067	0.0241	1.35	1.07
2015	455,813	19,830,496	0.0230	1.26	0.96
2014	471,851	18,878,585	0.0250	1.37	0.85
2013	397,415	17,767,137	0.0224	1.23	0.90
2012	286,794	16,876,378	0.0170	0.93	0.48
2011	173,164	16,474,254	0.0105	0.58	0.19
2010	104,487	16,081,048	0.0065	0.36	-0.04
2009	-	15,973,231	-	-0.03	-0.07
2008	80,755	17,277,413	0.0047	0.34	0.36
2007	192,190	17,578,848	0.0109	0.80	0.55
2006	174,435	16,647,551	0.0105	0.72	0.53
2005	130,421	14,770,064	0.0088	0.55	0.46
2004	106,929	13,638,784	0.0078	0.46	0.44
2003	126,803	12,703,374	0.0100	0.59	0.53
2002	189,914	12,419,273	0.0153	0.81	0.70
2001	231,115	12,364,096	0.0187	0.79	0.80
2000	270,053	12,329,350	0.0219	0.92	0.87
1999	262,515	11,052,325	0.0238	1.00	0.95
1998	263,032	10,174,288	0.0259	1.09	1.03
1997	274,563	9,515,323	0.0289	1.21	1.10
1996	259,261	8,909,294	0.0291	1.22	1.12
1995	238,612	8,453,059	0.0282	1.19	1.10
1994	239,366	7,815,924	0.0306	1.29	1.19
1993	239,996	7,094,143	0.0338	1.42	1.24
1992	242,620	6,539,625	0.0371	1.49	1.23
1991	233,513	5,961,734	0.0392	1.71	1.28
1990	242,620	5,605,159	0.0433	1.82	1.37
1989	211,056	5,061,903	0.0417	1.75	1.32
1988	169,854	4,635,486	0.0366	1.54	1.16
1987	123,230	4,247,972	0.0290	1.22	0.92

Factors Significantly Affecting Insurance Costs and Tax Rates in Idaho

Average Annual Wage

In 1976, the unemployment insurance taxable wage base was indexed to total wages. The taxable wage base is the maximum amount of each employee's wages that are taxable each year. For computational purposes this amount is derived from dividing total experience-rated wage by total experienced employment.

The stability of the ratio of taxable wages to total wages have for the most part remained the same year after year (Table 3 on page 11).

Average Weekly Wage

In 2018, the average weekly wage was increased to \$800.63, from the \$770.18 average in 2017. The average weekly wage results from wages paid by experienced-rated and cost reimbursable employers excluding wages from federal employment. The average weekly wage is used to determine the maxi-

mum weekly benefit amount for new claimants. The maximum weekly benefit amount is set to 55 percent of average weekly wage of covered employers. See Figure 2 and Table 3 for the historical data series.

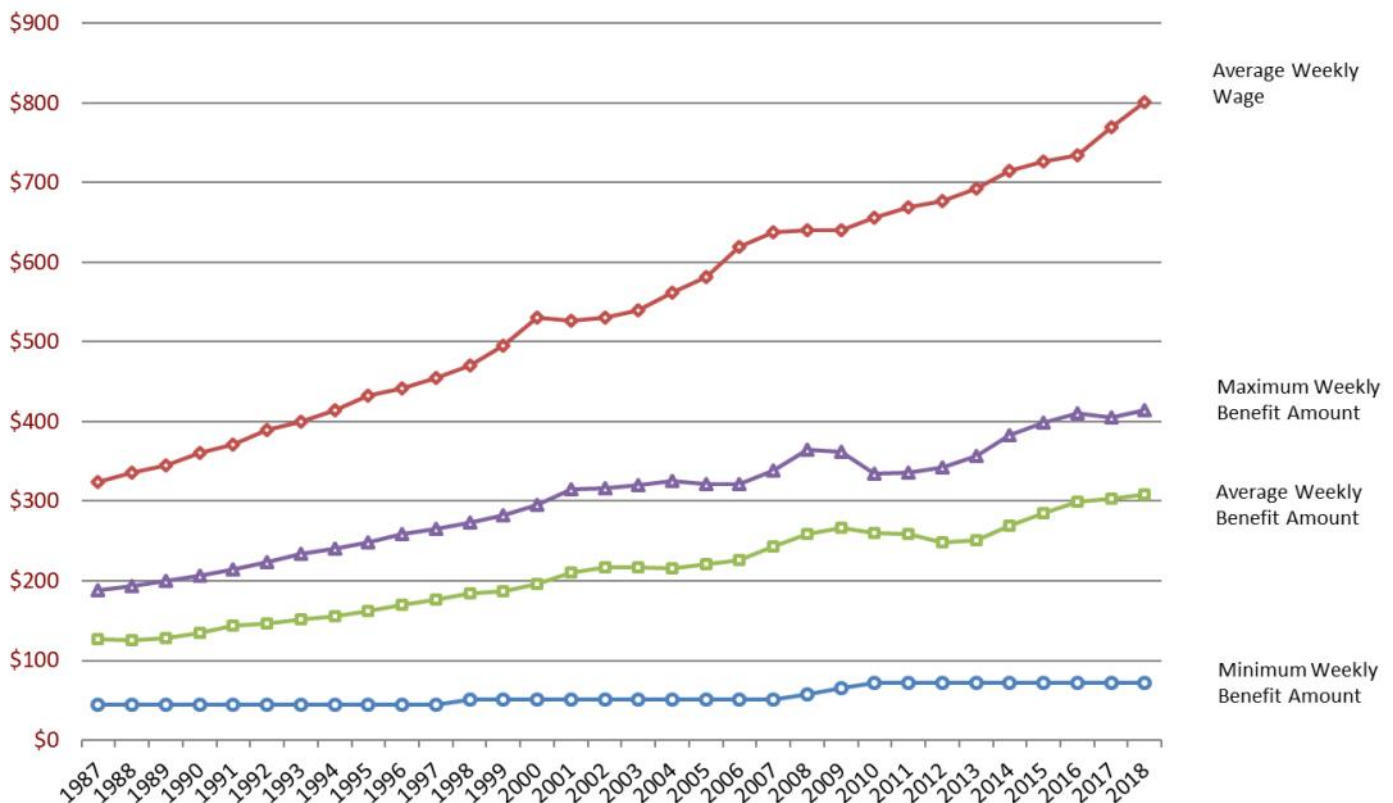
Taxable-Total Ratio

The taxable-total ratio is the percent of total wages against which tax rates are actually applied. This ratio is an important measure in program financing because it indicates cross-subsidization of program costs among the various industry groups.

Other significant factors that affect the ratio of taxable to total wages include seasonal employment patterns, wage levels, worker turnover, part-time and temporary worker patterns and the business cycle.

Even though ratios differ between major industries, only relatively small changes have occurred in

Figure 2. Average Weekly Wage and Benefit Levels 1987-2018



the relationships between the industries since the taxable wage base was indexed to wages.

This indexing has resulted in an consistent stability in the taxable-total ratio. Since 1980, the portion

of total wages that is taxed for all Idaho industries has averaged 67 percent. This stability has been maintained through periods of rapid economic expansion, deep prolonged recession, economic recovery and episodes of wage inflation.

TABLE 3: Average Weekly Wage, Average Weekly Taxable Wage, and Average Weekly Benefits in Idaho

1980 to 2018						
Year	Avg Weekly Wage	Avg Weekly Taxable Wage	Ratio of Taxable Wages to Total Wages	Avg Weekly Benefits (AWB)	AWB as a % of Avg Weekly Wage	AWB as a % of Avg Weekly Taxable Wage
2018	807.91	534.61	0.662	308.97	38.2	57.8
2017	785.59	518.84	0.660	303.83	38.7	58.6
2016	752.73	504.28	0.670	298.67	39.7	59.2
2015	737.02	490.64	0.666	285.47	38.7	58.2
2014	720.95	474.87	0.659	269.13	37.3	56.7
2013	698.83	466.31	0.667	250.95	35.9	53.8
2012	684.46	457.51	0.668	248.98	36.4	54.4
2011	674.27	449.37	0.666	258.16	38.3	57.4
2010	660.62	445.92	0.675	259.84	39.3	58.3
2009	646.27	441.82	0.684	267.18	41.3	60.5
2008	642.80	437.16	0.680	258.28	40.2	59.1
2007	636.24	420.80	0.661	242.60	38.1	57.7
2006	617.63	407.08	0.659	226.75	36.7	55.7
2005	583.97	386.35	0.662	220.85	37.8	57.2
2004	565.38	376.87	0.667	215.17	38.1	57.1
2003	543.15	371.20	0.683	217.30	40.0	58.5
2002	534.25	366.32	0.686	217.28	40.7	59.3
2001	527.45	354.14	0.671	210.62	39.9	59.5
2000	530.21	341.80	0.645	195.83	36.9	57.3
1999	495.10	328.59	0.664	187.50	37.9	57.1
1998	470.25	317.40	0.675	183.74	39.1	57.9
1997	454.67	298.78	0.657	175.92	38.7	58.9
1996	441.39	297.26	0.673	169.80	38.5	57.1
1995	432.92	288.59	0.667	162.64	37.6	56.4
1994	413.93	279.56	0.675	155.43	37.6	55.6
1993	400.40	267.14	0.667	151.37	37.8	56.7
1992	389.44	259.43	0.666	146.12	37.5	56.3
1991	371.05	249.77	0.673	143.73	38.7	57.5
1990	360.05	241.74	0.671	134.98	37.5	55.8
1989	344.52	231.72	0.673	128.20	37.2	55.3
1988	335.27	225.34	0.672	125.87	37.5	55.9
1987	323.79	223.60	0.691	126.79	39.2	56.7
1986	315.77	218.68	0.693	125.20	39.6	57.3
1985	311.00	212.82	0.684	120.37	38.7	56.6
1984	302.00	206.51	0.684	113.55	37.6	55.0
1983	292.46	203.65	0.696	111.94	38.3	55.0
1982	281.71	193.70	0.688	111.42	39.6	57.5
1981	271.24	183.68	0.677	99.72	36.8	54.3
1980	248.39	167.60	0.675	92.91	37.4	55.4

Average Weekly Benefit

The relationship between the average weekly wage and the average weekly benefit amount is important in that it shows the degree to which average benefits replace average wages.

The average weekly benefit amount for all claimants during 2018 was \$308.97, up 1.69 percent from the previous year.

In 1992, the maximum weekly benefit amount was indexed to 60 percent of average wages until 2005, when the maximum benefit amount was indexed to tax rates and began fluctuating from 52 percent to 60 percent as tax rates move up and down. In 2018 the maximum weekly benefit amount is fixed to 55 percent of average weekly wages. The ratio between the average weekly benefit amount and the average weekly wage represents the average wage replacement a claimant receives in benefits. The lowest wage replacement rate occurred in 2006 when the new law tied the weekly benefit amount inversely to tax rates. However, the

metric is expected to regain stability at the 55 percent level.

Average Weekly Benefit By Industry

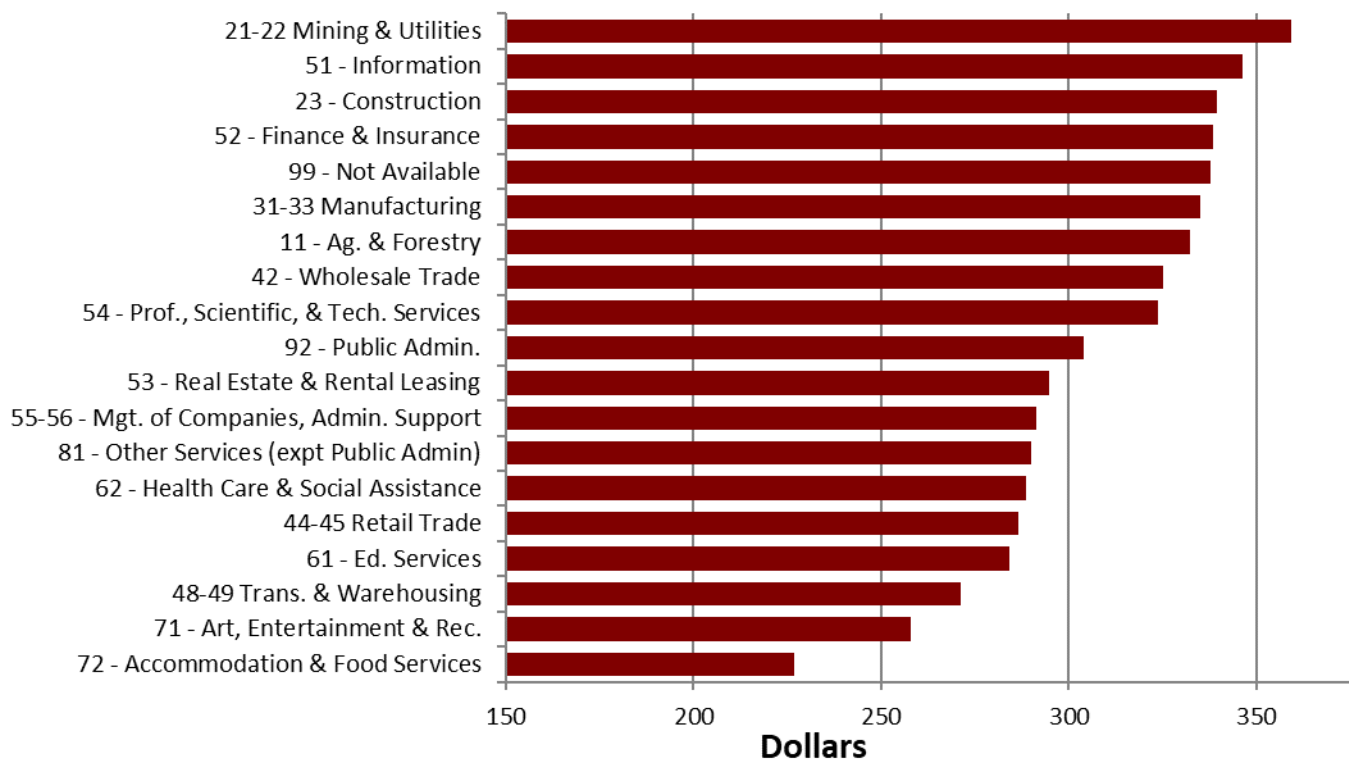
Seasonal employment patterns and the use of part-time or temporary workers throughout the major industry groups influence average weekly benefits since their average weekly wages tend to be less than their full time counterparts.

Figure 3 shows the wide variation by major industry group in these averages for 2018 — from \$226 per week in accommodation and food services to \$359 per week in mining and utilities. On average the differences among industry groups reflect the wages workers earn.

Average Duration of Benefits

Benefit duration is the number of weeks a claimant draws unemployment insurance compensation. The maximum duration for any eligible claimant is

Figure 3. 2018 Average Weekly Benefit Amount by Industry



determined by the ratio of the high quarter earnings to total earnings in the claimant's base period.

The average claimant remained on regular un-

employment benefits in 2018 for 10 weeks, down 7 weeks from the record high unemployment of 2009. Table 4 shows the average duration of compensable weeks has been decreasing since 2009.

TABLE 4: UI Regular Weeks Compensated and Average Duration

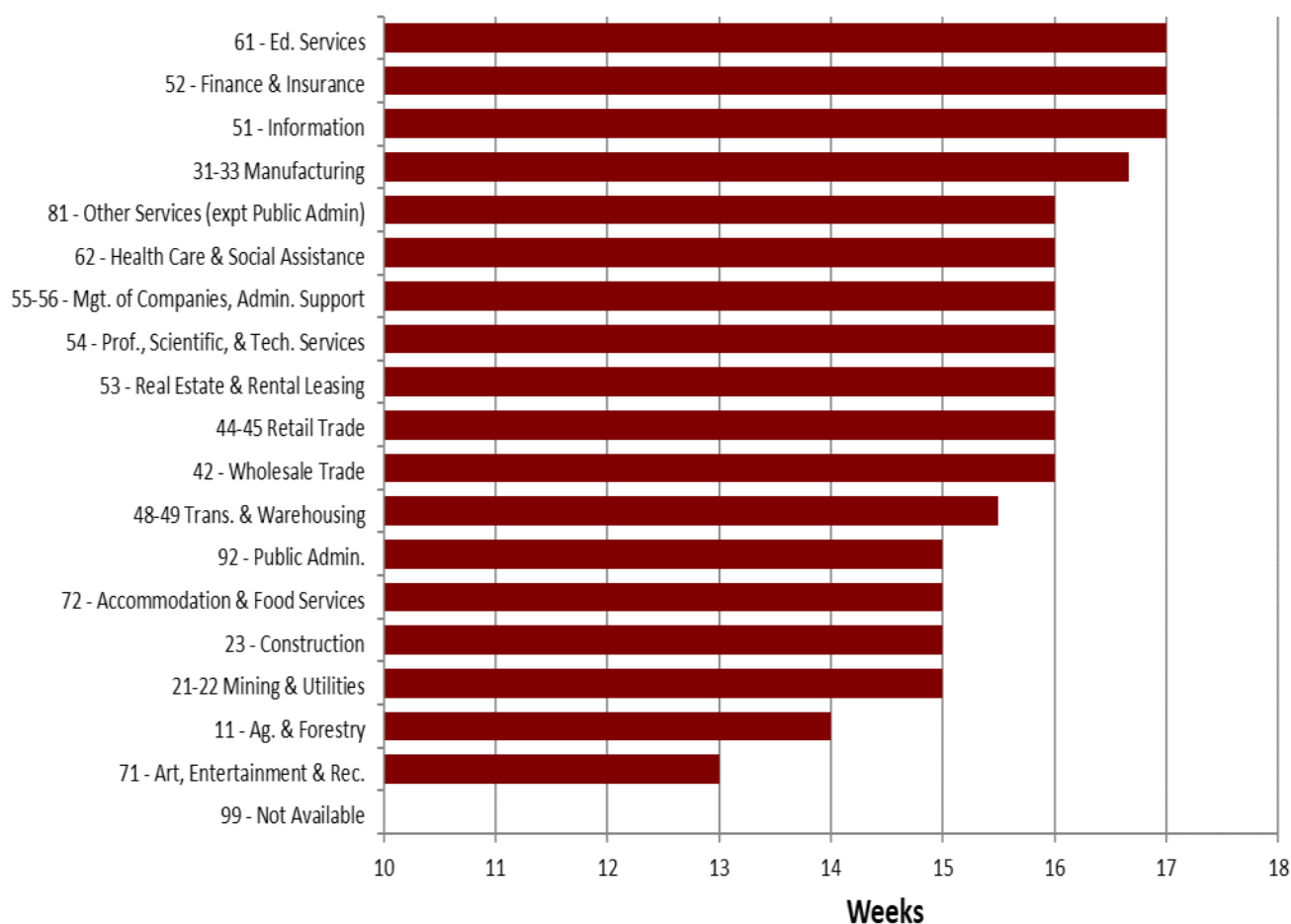
Calendar Year	Weeks Compensated	First Pay	Final Pay	Avg. Duration Compensable (weeks)
2018	264,129	26,993	8,956	9.8
2017	320,527	29,079	8,611	11.0
2016	334,241	29,427	7,713	11.4
2015	357,801	30,082	9,102	11.9
2014	455,972	37,351	10,922	12.2
2013	597,158	44,243	15,654	13.5
2012	760,213	52,630	23,081	14.4
2011	955,792	63,945	30,553	14.9
2010	1,190,341	74,465	41,070	16.0
2009	1,551,762	91,394	45,767	17.0
2008	889,414	70,147	18,885	12.7
2007	528,895	45,499	11,072	11.6
2006	479,498	40,232	10,782	11.9
2005	577,594	44,149	14,112	13.1
2004	696,710	50,391	17,976	13.8
2003	865,204	59,818	22,408	14.5
2002	849,194	58,672	20,772	14.5
2001	693,078	57,109	14,541	12.1
2000	527,699	45,292	11,219	11.7
1999	542,464	43,684	12,536	12.4
1998	552,125	46,120	12,688	11.9
1997	537,345	45,116	13,055	11.9
1996	585,244	48,788	14,744	12.0
1995	590,835	48,724	15,291	12.1
1994	521,685	44,924	13,984	11.6
1993	518,804	41,134	14,689	12.6
1992	571,677	46,156	16,010	12.4
1991	564,858	48,116	13,991	11.7
1990	437,715	39,990	9,837	11.2
1989	427,682	36,539	10,069	11.7
1988	456,730	37,626	11,408	12.1
1987	530,182	41,160	15,082	12.9
1986	628,431	46,776	17,844	13.4
1985	576,193	47,125	18,186	12.2
1984	520,335	41,955	18,567	12.4
1983	673,301	46,926	26,176	14.3
1982	903,269	58,937	28,418	15.3
1981	618,186	49,097	16,297	12.6

Average Benefit Duration by Industry

There are meaningful differences in potential duration by major industry groups. Seasonal employment patterns and the use of temporary or part-time workers are important factors.

Figure 4 shows educational services, finance and insurance along with information were the industries with the highest average potential duration at 17 weeks on average. Arts and entertainment had the lowest average potential duration at 13 weeks, reflecting the more seasonal industry pattern in terms of employment.

Figure 4. 2018 Average Potential Duration of Benefits by Industry Sector.

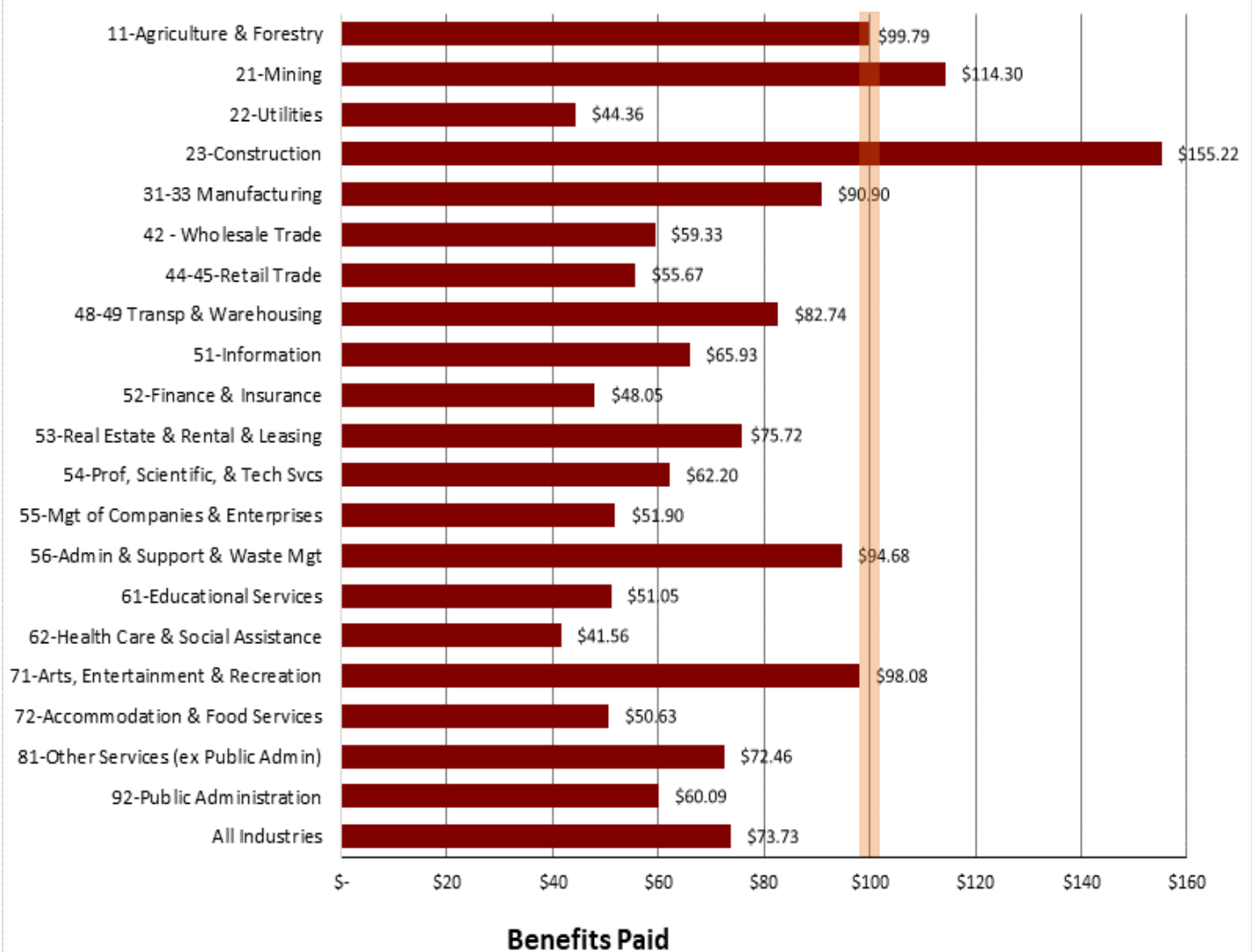


Average Contributions by Industry

Figure 5 illustrates the average benefits paid per \$100 in contributions by industry. The industries which, on average, pay out more benefits than they contribute to the fund are Idaho's seasonal industries, including construction and agriculture. Industries with the lowest average benefits to contributions ratio include healthcare and social assistance, utilities and finance and insurance. Of the 20 industry

groups, 18 have paid more contributions into the fund than its employees received in benefits from the fund. The amount of benefits paid in the other two industries indicate those industries consumed more in unemployment benefits than they contributed.

Figure 5: Average Benefits per \$100 of Contributions by Industry 2018



Experience Rating

A tax on the payrolls of employers covered by unemployment insurance law is the primary source of revenue for benefits. When necessary, states may borrow federal money to pay benefits. Experience rating is the process that determines the rates that individual covered employers pay on their workers.

Idaho is a reserve ratio state. Simply put, a reserve ratio is the ratio of reserve in an employer's account to the employer's average taxable payroll over the last four years.

Tax rates are calculated and assigned on the basis of the individual employer's own benefit experi-

ence in relation to all other employers' experience — the array method. A positive experience factor means the accumulated total of taxes paid by an employer exceeds the accumulated total benefits charged against the employer. A negative experience factor means the accumulated total benefit payments charged to an employer's account exceeds the accumulated total taxes paid. New and unrated employers are assigned a standard rate.

Most Idaho employers are positive rated (Table 5). For 2019, positive rated taxable payroll accounted for 90.9 percent of total experience-rated employers. The industry with the highest percentage of

TABLE 5. Positive and Negative Rated Employers by Major Industry Group for Year 2019

* Major Industry Group (NAICS)	Positive Rated		Negative Rated	
	#	%	#	%
Agriculture & Forestry	1,514	80.4	369	19.6
Mining	80	68.4	37	31.6
Utilities	167	91.3	16	8.7
Construction	4,404	77.4	1,288	22.6
Manufacturing	1,817	91.5	168	8.5
Wholesale Trade	2,247	95.3	110	4.7
Retail Trade	3,279	96.0	137	4.0
Transportation & Warehousing	1,202	88.6	154	11.4
Information	646	95.7	29	4.3
Finance & Insurance	1,584	96.6	56	3.4
Real Estate & Rental & Leasing	1,543	96.3	59	3.7
Professional, Scientific & Technical Services	4,573	94.7	257	5.3
Management of Companies & Enterprises	155	97.5	4	2.5
Administrative & Waste Services	1,927	80.4	470	19.6
Educational Services	417	96.1	17	3.9
Health Care & Social Assistance	4,448	98.1	87	1.9
Arts, Entertainment & Recreation	621	88.8	78	11.2
Accommodation & Food Services	2,346	95.9	100	4.1
Other Services (exc Public Admin)	2,511	95.3	124	4.7
Public Administration	132	96.4	5	3.6
Awaiting Assigned/Revised Industry Code	0	0.0	2	100.0
All Industries	35,613	90.9	3,567	9.1

* Excludes New Employer Accounts

positive-rated employers was health care at 98.1 percent. An industry with a similar percentage of positive-rated employers is management of companies and enterprises at 97.5 percent. The industry with the largest proportion of negative-rated employers is mining at 31.6 percent, followed by construction at 22.6 percent.

Experience Rating: Benefits Charged and Non-Charged

Whether benefits are charged to any tax-rated employer account is an important factor in benefit costs and financing because non-charges are pooled, or socialized, and borne by all tax-rated employers.

There are three reasons that benefits paid to a former employee do not increase the tax imposed on the employer. Not charging the employer account is the most prevalent. The others are when an employer is already at the maximum tax rate or has gone out of business.

According to Idaho Code, employers are not charged for:

- Benefits paid to a worker who voluntarily quits without good cause or was discharged for misconduct by the base-period employer. Claimants would initially be denied benefits under these two scenarios but could overcome this disqualification by earning 14 times their benefit amount at another job and then becoming unemployed through no fault of their own.
- The proportion of benefits paid to multistate claimants, also called wage combining, that exceed the benefits computed using only Idaho wages.
- Benefits paid in accordance with an extended benefit program.
- Benefits paid but eligibility is subsequently reversed and the claimant is eligible for a waiver of the overpayment.
- Benefits paid to a worker who continues to work for the subject employer while receiving benefits because of layoff from another employer.

During 2018, \$80.1 million was paid in regular benefits. This was the lowest amount paid since coming out of the recession in 2007.

Table 6, on page 18, shows the dollar amount of regular benefit payments by industry and the percentage of total regular benefit payments. The industry with the greatest regular benefit expenditures was construction followed by management of companies and enterprises. Nearly \$23.3 million was paid to workers in these two industries.

Benefit Cost Rate

The ratio of benefits paid to total covered wages is known as the unemployment insurance cost rate. This is a useful measure in any analysis of program costs. The cost relative to total wages is a good indicator of business cycles. A higher benefit cost rate indicates a struggling economy. Table 7, on page 19, shows the benefit cost rate decreasing for Idaho in 2018 to 0.28, lower than the previous year's ratio of 0.37. The highest cost rate on Table 7 is 2.40 going all the way back to 2009. For the last seven years the benefit cost ratio has been below one percent, which illustrates Idaho's economy is doing well.

Average Tax Rates

Taxable wages are the wages that tax rates are applied against. A covered employer pays unemployment taxes on an individual worker's earnings that do not exceed the taxable wage base. Table 8, on page 20, indicates the taxable wage base for 2019 is \$40,000, a slight increase from the 2018 base of \$38,200. The average tax rates are average rates based on taxable wages — total taxable wages divided by total taxes paid. The average tax rate estimate for all experience-rated employers in 2019 is 0.72 percent, slightly lower than the 0.79 percent in 2018.

Average tax rates for individual employers or subgroups of employers in broad industry categories can vary widely from the industry averages.

Effective Tax Rate

The effective tax rate is the tax rate employers pay based on total covered wages as opposed to taxable wages. The effective tax rate ratio allows valid rate comparisons within industries and over periods of time. Most importantly, the effective tax rate makes allowances for differences in tax rate schedules, tax bases and tax laws and provides a common basis for valid comparisons with other states.

The estimated average effective tax rate for 2019 is 0.72 percent, down from last year's rate of 0.79 percent. The estimated average effective tax rate for 2019 would be lowest in the past 10 years. (Table 8 on page 20).

TABLE 6. Regular UI Benefits Paid by Major Industry for Calendar Year 2018

Major Industry Group (NAICS)	Regular Benefits Paid (M\$)	Percent of Total Regular Benefits
Agriculture & Forestry	5.8	7%
Mining & Utilities	1.0	1%
Construction	14.0	18%
Manufacturing	8.8	11%
Wholesale Trade	3.3	4%
Retail Trade	6.2	8%
Transportation & Warehousing	3.9	5%
Information	1.1	1%
Finance & Insurance	1.9	2%
Real Estate & Rental Leasing	0.9	1%
Professional, Scientific & Technical Services	3.8	5%
Management of Companies & Enterprises; Administrative & Waste Services.	9.3	12%
Educational Services	1.2	1%
Health Care & Social Assistance	5.6	7%
Art, Entertainment & Recreation	1.3	2%
Accommodation Food Services	2.5	3%
Other Services (exc Public Admin)	1.6	2%
Public Administration	2.2	3%
Awaiting Assigned Industry Code	5.7	7%
TOTAL	80.1	100%

TABLE 7. Benefit Cost Rate: Net UI Benefits Paid as a Percent of Total Wages of Experience Rated Employers

Calendar Year	Idaho Total Wages (in Millions)	Idaho Net UI Benefits (in Millions)	Idaho %	United States %
2018	24,065	68.1	0.28	N/A
2017	22,315	82.1	0.37	0.40
2016	20,621	82.9	0.40	0.45
2015	19,818	84.9	0.43	0.48
2014	18,879	107.4	0.57	0.58
2013	17,767	130.9	0.74	0.7
2012	16,876	162.8	0.96	0.79
2011	16,474	204.6	1.24	0.9
2010	16,081	266.6	1.66	1.19
2009	15,973	383.3	2.40	1.69
2008	17,277	211.3	1.22	0.85
2007	17,579	117.4	0.67	0.64
2006	16,648	96.3	0.58	0.62
2005	14,770	114.0	0.77	0.69
2004	13,639	137.9	1.01	0.81
2003	12,703	176.5	1.39	1.03
2002	12,419	173.4	1.40	1.12
2001	12,364	140.7	1.14	0.82
2000	12,329	98.8	0.80	0.60
1999	11,052	97.3	0.88	0.57
1998	10,174	97.6	0.96	0.58
1997	9,515	90.6	0.95	0.64
1996	8,909	95.8	1.07	0.76
1995	8,453	91.7	1.09	0.80
1994	7,816	78.2	1.00	0.86
1993	7,094	74.4	1.05	0.92
1992	6,540	78.2	1.20	1.10
1991	5,962	77.1	1.29	1.20
1990	5,605	55.3	0.99	0.90
1989	5,062	51.3	1.01	0.85
1988	4,635	54.6	1.18	0.69
1987	4,248	66.0	1.55	0.81
1986	4,068	76.3	1.88	0.99
1985	4,059	68.3	1.68	0.95
1984	3,870	57.0	1.47	0.92
1983	3,581	74.8	2.09	1.51

TABLE 8: Average Tax Rate & Taxable Wage Base by Rate Year

<u>Rate Year</u>	<u>Taxable Wage Base (\$)</u>	<u>Average Tax Rate (%)</u>
2019	40,000	0.72
2018	38,200	0.79
2017	37,800	1.09
2016	37,200	1.32
2015	36,000	1.54
2014	35,200	1.59
2013	34,800	2.37
2012	34,100	2.81
2011	33,300	2.83
2010	33,300	2.49
2009	33,200	1.18
2008	32,200	0.84
2007	30,200	1.20
2006	29,200	1.44
2005	28,000	1.34
2004	27,600	1.20
2003	27,600	1.18
2002	27,600	1.12
2001	25,700	1.16
2000	24,500	1.14
1999	23,600	1.12
1998	23,000	1.14
1997	21,000	1.41
1996	21,600	1.66
1995	21,000	1.37
1994	20,400	1.45
1993	19,200	1.72
1992	18,600	1.65
1991	18,000	1.38
1990	17,400	1.78
1989	16,800	2.25
1988	16,200	2.97
1987	16,200	2.91
1986	15,600	2.97
1985	15,000	3.06
1984	14,400	3.37
1983	14,400	2.62
1982	13,200	2.02
1981	12,000	1.93
1980	10,800	2.09
1979	10,200	2.11

Table 9. Taxable Wage Rates by Rate Class

Positive-Rated Employers

Rate Class	Cumulative Taxable Payroll Limits		Taxable Wage Rates for Positive Employers										
	More than	Equal to or less than	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	(% of Taxable Payroll)												
1	--	12	0.447	0.960	0.960	0.960	0.786	0.545	0.453	0.425	0.399	0.269	0.251
2	12	24	0.746	1.600	1.600	1.600	1.311	0.908	0.755	0.709	0.664	0.448	0.418
3	24	36	0.895	1.920	1.920	1.920	1.572	1.089	0.906	0.850	0.797	0.537	0.502
4	36	48	1.044	2.240	2.240	2.240	1.835	1.271	1.057	0.992	0.930	0.627	0.585
5	48	60	1.193	2.560	2.560	2.560	2.097	1.452	1.208	1.134	1.063	0.716	0.669
6	60	72	1.342	2.880	2.880	2.880	2.359	1.634	1.359	1.275	1.196	0.806	0.753
7	72	--	1.491	3.200	3.200	3.200	2.621	1.815	1.510	1.417	1.329	0.895	0.836

Standard Rated Employers

Taxable Wage Rates for Standard Employers

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1.566	3.360	3.360	3.360	2.752	1.906	1.585	1.488	1.395	1.000	1.000

Deficit-Rated Employers

Rate Class	Cumulative Taxable Payroll Limits		Taxable Wage Rates for Negative Employers										
	More than	Equal to or less than											
			(% of Taxable Payroll)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
-1	- -	30	2.685	4.800	4.800	4.800	4.718	3.267	2.717	2.551	2.391	1.611	1.505
-2	30	50	2.983	5.200	5.200	5.200	5.200	3.631	3.019	2.834	2.657	1.791	1.672
-3	50	65	3.281	5.600	5.600	5.600	5.600	3.993	3.321	3.118	2.923	1.969	1.840
-4	65	80	3.579	6.000	6.000	6.000	6.000	4.357	3.623	3.401	3.189	2.149	2.007
-5	80	95	4.176	6.400	6.400	6.400	6.400	5.083	4.227	3.968	3.720	2.507	2.341
-6	95	- -	5.400	6.800	6.800	6.800	6.800	5.400	5.400	5.400	5.400	5.400	5.400

Average Rates for All Experienced Rated Employers

As a percent of taxable wages	1.18	2.49	2.83	2.81	2.37	1.59	1.54	1.32	1.09	0.79	0.76
As a percent of total wages	0.82	1.69	1.90	1.90	1.59	1.06	1.04	0.91	0.74	0.53	0.52

Federal-State Extended Benefit Programs

Federal-State Extended Benefits

Federal-State Extended Benefits are additional benefits available during periods of high unemployment when the covered unemployment rate reaches 5 percent and is at least 120 percent of the average of the prior two-year insured unemployment rate. Typically, half the cost is paid by the state and half by the federal government. The benefit triggers off when the covered unemployment rate falls below 5 percent or 120 percent of the prior two-year average.

During February 2009, Federal-State Extended benefits triggered on with the American Recovery and Reinvestment Act of 2009.

The American Recovery and Reinvestment Act directed all extended benefits to be 100 percent federally funded and implemented a more liberal total unemployment rate trigger for those benefits. Effective May 10, 2009, Idaho adopted this total unemployment rate provision, which triggers extended benefits when the average three-month rolling unemployment rate hit 6.5 percent and is at least 110 percent of the average unemployment rate for the same period in either of the two previous years.

The weekly extended benefit is the same as the regular weekly benefit, but the total benefit amount is 50 percent of the last regular unemployment claim or 5 to 13 weeks compared to 10 to 26 weeks of regular benefits. Should the total unemployment rate hit 8 percent on a three-month rolling average, the maximum period for receiving extended benefits increases to 8 to 20 weeks. A new protocol allowed claimants who exhaust regular benefits to move to a tiered system that allowed the long-term unemployed to claim up to 99 weeks of benefits. Workers would immediately become ineligible for Federal-State Extended or Emergency Extended benefits under the total unemployment rate formula if the federal government stops paying the full cost.

At the end of The American Recovery and Reinvestment Act in 2012 there were 261,350 weeks compensated in Federal-State Extended benefits at a cost of \$68,076,325. Prior to 2011 the most ex-

pensive period occurred during the height of the severe recession that ended in late 1982. During the trigger-on period from Oct. 3, 1981, to July 2, 1983, \$33.3 million in benefits were paid. At that time, one-half, or \$16.7 million, came from Idaho's Unemployment Insurance Trust Fund. The longest period during which this program paid benefits was Jan. 1, 1975 to Jan. 7, 1978, with a total of \$10.4 million paid out. During this time, the nation was eligible for Federal-State Extended benefits. The Omnibus Budget Reconciliation Act of 1981 temporarily eliminated the national trigger for these additional benefits.

Emergency Unemployment Compensation

Emergency Unemployment Compensation, which was 100 percent federally funded, provided emergency unemployment compensation to individuals who exhaust their regular state benefits.

Due to the severity and duration of the recessions, the program has gone through a multitude of extensions, or benefit duration changes, which are too complex and numerous to detail. However, the enormity of the programs' payments to Idahoans must be chronicled even though no state trust fund payout was involved. Emergency compensation was first provided in Idaho Nov. 17, 1991, through June 30, 1993, totaling \$54.8 million. The latest program, known as EUC08, started in July 2008 and by the end of 2013 the combination of emergency and Federal-State Extended benefits totaled \$955 million.

The latest EUC08 program had multiple tiers with various phases in each tier, making it very complex. To be eligible, claimants must have benefit years beginning on or after May 7, 2006, and must have exhausted benefits within their current benefit years, or have an expired claim with a beginning date on or after May 7, 2006.

In addition, claimants not having any monetary eligibility in any state or Canada on new claims or would have exhausted regular benefits before the week ending Dec. 22, 2013.

The last payable week was December 28, 2013. Table 10, on page 24, summarizes the program's structure and dates and is accurate as of the date of this publication.

Federal Additional Compensation

Federal Additional Compensation (FAC) was a 100 percent federally financed \$25 increase in weekly unemployment benefits for all programs from Feb. 22, 2009, through Dec. 4, 2010. Claimants with benefit years beginning after May 30, 2010, were ineligible for the additional \$25. By the end of the FAC, Idaho claimants received \$96.4 million through that program.

Additional Extended Benefits

Additional Extended Benefits became effective March 7, 1982, and provided benefits to Idaho claimants who exhausted both regular and Federal-State Extended benefits. The law, enacted by the Idaho Legislature in 1982, was a one-time extension of benefits that expired Dec. 31, 1982. Claimants received up to another one-half of their entitlement for regular benefits from Idaho's Unemployment Insurance Trust Fund. While in effect, this program paid out \$5,458,973 in benefits.

Federal Supplemental Benefits

The Emergency Unemployment Compensation Act of 1974, as amended in 1975 and 1977, provided Federal Supplemental Benefits of up to 26 weeks to claimants who exhausted their regular and Federal-State Extended benefits. Idaho first triggered this federally funded program on Jan. 4, 1975, with payments continuing through October 1976. This federal program triggered on again in January 1977, ending on Jan. 31, 1978. The program paid \$5,280,600 to recipients in Idaho. No portion of this amount was paid from Idaho's trust fund.

Federal Supplemental Compensation

Federal Supplemental Compensation was a temporary extended benefit program wholly funded by the federal government. The law creating the pro-

gram took effect Sept. 12, 1982, and the original expiration of March 31, 1983, was extended several times.

The maximum duration of benefits payable under the original act was 50 percent of a claimant's regular benefits up to 10 weeks. To be eligible a claimant must have exhausted all compensation under the regular and Federal-State Extended benefit programs.

Supplemental compensation was phased out on March 31, 1985. From the beginning date on Sept. 12, 1982, through July 1985, the program paid \$37,950,846 in benefits.

Disaster Unemployment Assistance

Disaster Unemployment Assistance is a federally financed program providing both benefits to individuals unemployed because of major disasters and money to state employment security agencies for administration.

Authorized by section 407 of the Disaster Relief Act of 1974, the program became effective April 1, 1974. The Federal Disaster Assistance administrator was responsible for administering the act and delegated to the Secretary of Labor the responsibility of administering the payment of benefits.

Since the beginning of the program, benefits have been paid to unemployed Idaho workers because of five disasters:

- The Teton Dam failure in June 1976. As a result of this disaster, 3,092 Idahoans received benefit payments totaling \$1,068,382.
- The Mount St. Helens eruption in May 1981. Initial claims totaling 128 were filed, and \$25,638 in benefits were paid.
- The Borah Peak earthquake in October 1983. Seventeen initial claims were filed, and \$6,857 in benefits were paid.
- Winter and spring flooding from high water runoff in 1997. Through Dec. 13, 1997, 307 claimants were paid \$35,204.
- The devastating 2000 fire season when 15 counties were declared disaster areas. As of Dec. 2, 2000, a total of \$40,149 was paid to 55 claimants.

Table 10. 2008-2012 Federal Extended Benefits Program Summary

Unemployment Extensions Chart 1/30/2013

Program Description	Trigger Level	BWB Date Payment Effective Date	Last BWB Date for Establishment	W/E Date for Final Payment	Basic Detail	Eligible Weeks Based on Initial 26 Week Claim
EUC08 - TIER I	BYE >= 5/5/07 & exhaustion	July 6, 2008	December 22, 2013	December 28, 2013	80% of Original TBA - 20 week max established through September 1, 2012 54% of Original TBA - 14 week max established effective September 2, 2012	20 weeks ⁷ or 14 weeks
EUC08 - TIER II	TUR >= 6%	January 18, 2009	December 22, 2013 ¹	December 28, 2013	54% - Brings total to 134% or 108% of Original TBA	14 weeks
EUC08 - TIER III	IUR >= 4% or TUR >= 7%	November 6, 2009	February 3, 2013 ²	December 28, 2013	50% of Original TBA - established through September 1, 2012 35% of Original TBA - established effective September 2, 2012. Brings total to 184% or 143% of Original TBA	13 weeks ⁸ or 9 weeks
EUC08 - TIER IV	IUR >= 6% or TUR >= 9%	November 6, 2009	April 1, 2012 ³	December 28, 2013	24% - Brings total to 208% of Original TBA	6 weeks
EXTENDED BENEFITS (FSE)	IUR >= 5% or TUR >= 6.5%	February 8, 2009	August 5, 2012 ⁴	August 11, 2012	Additional 50% of Original TBA	13 weeks
EXTENDED BENEFITS (FSE) - TUR High Unemployment Period (HUP)	TUR >= 8%	September 6, 2009	June 3, 2012 ⁵	June 9, 2012	Additional 30% - 7 week max - of Original TBA	7 weeks
Maximum Total of 99 weeks						
FEDERAL ADDITIONAL COMPENSATION (\$25 FAC)	NA	February 22, 2009	May 23, 2010 ⁶	December 11, 2010	Adds \$25 to each weekly payment due	Adds \$25 to each weekly payment

¹ claim must exhaust EUC08 Tier I the prior week to be eligible for Tier II establishment this week. This date is subject to change depending upon UI rate.

² claim must exhaust EUC08 Tier II the prior week to be eligible for Tier III establishment this week.

³ claim must exhaust EUC08 Tier III the prior week to be eligible for Tier IV establishment this week.

⁴ claim must exhaust all EUC08 benefits the prior week to be eligible for one week of FSE, unless we are not in an EUC period.

⁵ claim must exhaust all EUC08 and 50% FSE prior to augmenting with the additional 30% FSE HUP benefits. To move to FSE HUP, the claimant must have exhausted the original FSE with week ending 06/02/2012 and before the week ending 06/09/2012.

⁶ claims with a BYB => 5/30/2010 will not be eligible for FAC.

⁷ changed to 14 weeks effective September 2, 2012.

⁸ changed to 9 weeks effective September 2, 2012.

Federal Government will pay 100% of all EB/FSE, if an EB payment is made for any WE beginning on or before 12/31/2013, through 06/30/2014 - if there is no EB payment prior to BWB 12/29/2013 feds pay 50/50.

Trade Readjustment Allowances

Trade Readjustment Allowances under the Trade Act of 1974 provide federally financed assistance to claimants who have exhausted all other benefits and whose jobs were affected by foreign competition.

The weekly benefit amount is generally the same as regular state unemployment benefits. During the 1980s and ending with FY 1989, \$3.2 million in trade adjustment benefits were paid to Idaho workers. From 2007 to the end of 2014, Idaho paid out \$15,142 in trade adjustment benefits.

For a historical perspective on temporary and emergency benefit programs see Table 11.

TABLE 11: Development in Temporary Extended Benefit Programs

Beginning Date	Ending Date	Type of Program	Weeks Compensated	Benefits Paid
2/5/1961	4/8/1961	TEB	17,965	\$579,673
4/8/1961	6/30/1962	TEUC	50,117	\$1,531,544
1/7/1962	4/30/1962	TEB	30,829	\$1,041,080
2/3/1963	7/13/1963	TEB	21,860	\$737,316
1/23/1971	10/2/1971	FSE	28,206	\$1,273,466
1/2/1972	2/5/1972	FSE	12,930	\$629,887
4/9/1972	10/7/1972	TC	19,186	\$1,004,068
1/4/1975	1/7/1978	FSE	160,728	\$10,377,551
4/15/1978	7/8/1978	FSE	9,770	\$732,428
2/25/1979	6/9/1979	FSE	18,413	\$1,590,018
2/2/1980	6/27/1981	FSE	124,122	\$11,501,670
10/3/1981	7/2/1983	FSE	294,304	\$33,253,865
9/12/1982	3/31/1985	FSC	350,728	\$37,950,846
3/18/1984	6/16/1984	FSE	41,494	\$4,842,212
3/31/1985	6/29/1985	FSE	35,846	\$4,385,481
2/22/1986	5/17/1986	FSE	33,614	\$4,279,499
3/15/1987	5/30/1987	FSE	32,006	\$4,287,009
3/23/2002	6/22/2002	EUC	299,571	\$68,556,936
7/26/2008	12/31/2013	EUC08	3,087,252	\$790,478,462
2/8/2009	6/9/2012	*FSE	261,360	\$68,078,063
3/7/2009	12/31/2012	FAC	-	\$96,403,605

*Includes FSE and High Unemployment Period (HUP)

State Unemployment insurance

The state unemployment insurance non-experienced-rated system is designed to provide coverage for the unemployed from state agencies and universities. The program works on a reimbursable basis by pooling all covered employment from each of the departments, universities and commissions, effectively sharing the cost of unemployment coverage among agencies.

The contributions to the program are assessed on total wages using a tax rate established by the Department of Labor at the beginning of each state fiscal year.

The goal is to accumulate reserves sufficient to cover 12 months of unemployment while maintaining the tax rate between 0 and 1 percent.

As a result of the 2007 recession, state employment decreased considerably and the fund went broke for two consecutive quarters. Table 12 shows the department increased the tax rate from 0.26 percent to 0.56 percent in FY11, just enough to bring the fund immediately back to positive territory and toward full solvency. Currently the tax rate is 0.15 percent.

Table 12. State Unemployment Insurance, Contributions and Fund Balance

State Fiscal Year	Yr-Qtr	State Employment	Wages (\$1,000)	Benefit Paid (\$1,000)	Advance Payments Received (\$1,000)	State Unemployment Insurance Reserve Balance	Contribution Rate %
FY18	2018-2	26,544	308,817	376	400	5,450	0.15
	2018-1	25,125	266,665	464	480	5,425	0.15
	2017-4	25,312	320,316	341	417	5,408	0.15
	2017-3	26,536	281,147	284	469	5,333	0.15
FY17	2017-2	25,985	316,540	324	385	5,148	0.15
	2017-1	25,122	260,640	604	452	5,029	0.15
	2016-4	25,002	302,460	479	470	5,182	0.15
	2016-3	26,316	315,411	395	386	5,191	0.15
FY16	2016-2	26,108	259,944	318	370	5,201	0.15
	2016-1	24,855	249,034	601	434	5,148	0.15
	2015-4	24,840	239,544	414	452	5,316	0.15
	2015-3	26,183	296,534	386	606	5,277	0.15
FY15	2015-2	25,834	241,862	384	405	5,057	0.17
	2015-1	24,440	267,274	580	350	5,036	0.17
	2014-4	24,283	239,544	436	431	5,266	0.17
	2014-3	25,712	296,534	357	625	5,271	0.17
FY14	2014-2	25,165	241,862	359	687	5,004	0.30
	2014-1	24,056	267,274	630	691	4,675	0.30
	2013-4	24,099	264,790	551	844	4,614	0.30
	2013-3	25,069	243,802	572	949	4,321	0.30
FY13	2013-2	25,456	282,453	570	1,033	3,944	0.45
	2013-1	24,109	231,533	928	1,027	3,481	0.45
	2012-4	23,852	227,908	680	1,246	3,382	0.45
	2012-3	25,289	277,115	581	1,320	2,816	0.45
FY12	2012-2	24,578	235,428	743	1,267	2,077	0.56
	2012-1	24,138	255,627	1,165	1,090	1,554	0.56
	2011-4	23,503	223,084	917	1,502	1,628	0.56
	2011-3	25,475	268,009	816	1,272	1,043	0.56
FY11	2011-2	24,471	259,824	831	1,219	588	0.56
	2011-1	23,701	217,097	1,183	1,602	200	0.56
	2010-4	23,380	257,413	1,227	1,286	(218)	0.56
	2010-3	25,276	230,925	1,274	650	(278)	0.56

Appendix I

Major Historical Developments in the Benefit Formula & Eligibility Requirements

Table 13 provides a current and historical perspective for the benefit structure.

1938	The benefit formula put in effect in September 1938 provided for weekly benefit amounts ranging from \$5 to \$15 for three to 18 weeks. It also provided for three waiting weeks.
1939	In April, the maximum weekly benefit was raised to \$18 and duration changed to seven to 17 weeks. The waiting period was reduced to two weeks.
1947	In July, the weekly benefit was increased to a minimum of \$10 and a maximum of \$20. Duration was increased to 10 to 20 weeks, and the waiting period was reduced to one week.
1951	In May, the maximum weekly benefit was increased to \$25, and maximum duration was extended to 26 weeks.
1956	In July, the maximum weekly benefit was raised to \$30.
1957	In July, the weekly benefit was changed to a minimum of \$15 and a maximum of \$40.
1961	Beginning July 1, the minimum weekly benefit was raised to \$17, and the maximum weekly benefit was indexed to 52.5 percent of the average weekly wage. As a result, the maximum weekly benefit was raised to \$43. Claimants whose earnings exceeded the amounts in the benefit table had their eligibility and number of benefit weeks computed on the same basis as individuals whose base period earnings came within the limits of the benefit table. This resulted in some claimants with very high base period earnings in the required two or more quarters being monetarily disqualified for the first time. It also resulted in reducing potential duration for those claimants with a high but disproportionate amount of earnings in one quarter.
1970	On July 1 the Legislature eliminated the benefit table and substituted a formula requiring at least \$416.01 of wages in a claimant's highest quarter and total wages of at least 1½ times the high quarter wages as a condition of eligibility. The weekly benefit equals 1/26 of highest quarter wages rounded to the next higher dollar amount, if not an even dollar amount, not to exceed the maximum weekly benefit. Duration varied from 10 to 26 weeks in two week intervals based on ratios of base period to high quarter earnings varying from 1.25 to 3.25 in intervals of 0.25.
1971	The Legislature increased the maximum weekly benefit to 55 percent of the average weekly wage for covered employment.
1972	Beginning July 1, the maximum weekly benefit rose to \$68.
1973	The Legislature increased the maximum weekly benefit to 60 percent of the average weekly wage in covered employment.
1980	The Legislature deleted weekly benefit amounts of \$17 through \$35 from the benefit formula, raised the required high quarter earnings from \$416.01 to \$910.01 and raised total wages required as a condition of eligibility from \$520.01 to \$1,137.51.

- 1983 Idaho's benefit formula underwent the most extensive, far-reaching changes in its history in response to the recessionary drain on the trust fund. The Legislature made substantive changes that significantly affected claimants' eligibility for benefits, benefit amounts and duration of benefits. The act:
- Changed the earnings required from eight times the weekly benefit amount to 20 times.
 - Changed monetary eligibility requirements for an individual to at least \$1,144.01 earned in a calendar quarter in the base period and total base period wages of at least 1½ times the high quarter wages.
 - Raised the minimum weekly benefit to \$45 from \$37 and shortened the potential duration of benefit payments for most claimants.
 - Froze the maximum weekly benefit at the July 1982 level of \$159 through at least June 30, 1984, and until July 1 of a year that the trust fund has not borrowed to pay benefits for the two preceding quarters. This condition was met July 1, 1984, and the maximum weekly benefit was raised to \$173 under the benefit formula.
 - Rounded to the next lower dollar unemployment compensation — if not an even dollar amount — that is payable to any individual for any week. This provision results in savings to the fund and slightly reduced benefit amounts for almost all of those receiving benefits.
 - Changed from three to 5½ times the weekly benefit amount established during the first benefit year to be eligible for a second successive year of benefits.
- 1985 The "20 times" requirement passed in 1983 to re-establish eligibility for benefits was changed to "16 times" the weekly benefit amount.
- 1987 Effective July 1, the earnings eligibility requirement dropped from 1½ times the high quarter of base period wages to 1¼ times. Claimants becoming eligible with the restoration of the "1¼ times" provision were entitled to 10 weeks of benefits while all other entitlements were increased by one week with the exception of those claimants who were entitled to the maximum 26 weeks. The eligibility criterion for Federal-State Extended Benefits remained at 1½ times the high quarter wages.
- 1997 The Legislature changed the benefit formula to restore the benefit entitlement to pre-1983 levels by adding one week of eligibility for most claimants. All claimants except those eligible for 10 weeks and 26 weeks became eligible for one additional week of benefits.
- 1998 The Legislature indexed the wage required to qualify for the minimum weekly benefit to 50 percent of the state minimum wage. Because Idaho's minimum wage was \$5.15 per hour, Idaho's minimum weekly benefit increased from \$44 to \$51. The re-qualification formula when filing for benefits in a subsequent benefit year was raised from 5.5 times the weekly benefit amount to six times.
- 2000 The Legislature clarified that disqualification for making a false statement applies only to those intentionally falsifying data.
- 2001 The loss of employer appeal rights for failing without good cause to provide separation information within 10 days was repealed.
- 2005 The penalty for employers failing to file quarterly taxes and reports on time was set at 100 percent of the tax amount or \$250, whichever is more. The tax implications of this new law are fully described in Appendix II. This law affected the benefit formula. The maximum weekly benefit floats annually between 52 percent and 60 percent of the average weekly wage. As tax rates increase, the maximum benefit decreases, and vice versa. More detail on the 2005 tax and benefit revision is in Appendix III.

- 2007 The Legislature matched the state minimum wage to the federal minimum wage, which was increasing in three steps through 2009. As a result, the minimum weekly benefit amount increased from \$51 to \$58 in 2008, to \$65 in 2009 and to \$72 in 2010.
- 2008 Legislation maintains the confidentiality of benefit fraud whistleblowers in the files of affected claimants, and new civil penalties following federal direction are adopted for unauthorized disclosure of employment security information.
- The reasons for claimants failing to attend approved training without loss of benefits are limited to illness, disability in certain circumstances and compelling personal circumstances.
- The penalty for employers failing to file quarterly taxes and reports on time was reduced from 100 percent of the tax owed or \$250 to 25 percent of the tax or \$75 for the first offense, 50 percent or \$150 for the second offense and 100 percent or \$250 for the third and subsequent offenses.
- 2009 The Legislature implemented a series of changes in benefit provisions to qualify for a one-time Reed Act distribution of \$32 million under the federal modernization program. The changes included:
- Part-time benefit eligibility. Allows claimants laid off from part time work to remain eligible for unemployment insurance coverage if they seek only part-time work of 20 hours a week or more.
 - Benefit eligibility during training. This amendment doubles the benefit entitlement up to 26 additional weeks only for claimants in approved training.
 - Alternate base period. A claimant found monetarily ineligible based on earnings in the first four of the previous five completed quarters can have eligibility calculated on the last four completed quarters.
 - Total unemployment rate trigger. Uses the total unemployment rate to trigger Federal-State Extended benefits when the federal government covers 100 percent of the cost.
 - The definition of employment was revised to exclude individuals selling consumer products from other than a permanent retail establishment.
- 2010
- Existing law was amended to reduce the amount of benefits paid in a compensable week by the amount equal to temporary disability benefits under a worker's compensation law. This change relates to supplanting the UI benefit dollar by dollar with temporary disability benefits.
 - The duration schedule was modified to redistribute benefits from claimants with volatile earnings to those with more stable earnings during the base period.
 - Existing laws were added or amended to define when corporate officers are unemployed; and to allow corporations to exempt corporate officers from unemployment insurance coverage.
- 2011
- Amends existing law to add an additional temporary total unemployment rate indicator for extended benefits that qualify for federal funds for employment security law purposes.
- 2015
- Amends existing law to clarify that fifteen percent of certain overpayments must be paid into the Employment Security Fund.
 - Amends existing law to provide an additional circumstance for exempt employment under the state's employment security law regarding motor carriers and motor vehicles.
- 2016
- Revises terminology and provisions regarding the Base Tax Rate. Revise provisions regarding the Maximum Weekly Benefit amount to be 55% of the average wage paid by covered employers. And to revise provisions regarding Maximum Weeks of Benefits which will be between 20 to 26 weeks depending on Idaho's Unemployment Rate. For more detailed information go to:

<https://legislature.idaho.gov/sessioninfo/billbookmark/?yr=2016&bn=H0485>

Table 13. Developments in Idaho Benefit Formula

Effective Date	Maximum WBA	Minimum WBA	Duration (weeks)	Waiting Weeks
1/1/2019	432	72	10-(20-26) *	1
1/1/2018	414	72	10-(20-26) *	1
1/1/2017	405	72	10-(20-26) *	1
1/1/2016	410	72	10-26	1
1/1/2015	398	72	10-26	1
1/1/2014	383	72	10-26	1
1/1/2013	357	72	10-26	1
1/1/2012	343	72	10-26	1
1/1/2011	336	72	10-26	1
1/1/2010	334	72	10-26	1
1/1/2009	362	65	10-26	1
1/1/2008	364	58	10-26	1
1/1/2007	338	51	10-26	1
7/1/2006	322	51	10-26	1
7/1/2005	322	51	10-26	1
7/1/2004	325	51	10-26	1
7/1/2003	320	51	10-26	1
7/2/2002	316	51	10-26	1
7/1/2001	315	51	10-26	1
7/1/2000	296	51	10-26	1
7/1/1999	282	51	10-26	1
7/1/1998	273	51	10-26	1
7/1/1997	265	44	10-26	1
7/1/1996	259	44	10-26	1
7/1/1995	248	44	10-26	1
7/1/1994	240	44	10-26	1
7/1/1993	234	44	10-26	1
7/1/1992	223	44	10-26	1
7/1/1991	215	44	10-26	1
7/1/1990	206	44	10-26	1
7/1/1989	200	44	10-26	1
7/1/1988	193	44	10-26	1
7/1/1987	188	44	10-26	1
7/1/1986	185	44	10-26	1
7/1/1985	179	44	10-26	1
7/1/1984	173	44	10-26	1
7/1/1983	159	44	10-26	1
7/1/1982	159	36	10-26	1

* Maximum Weeks of Benefits will be between 20 to 26 weeks depending on Idaho's Unemployment Rate.

Appendix II

Major Developments in Employer Experience Rating and Tax Provisions

Table 14 provides some historical perspective of the development in unemployment insurance tax rates and the taxable wage base in Idaho. While there have been fewer changes in the tax structure compared to the changes in benefits, the changes in the tax structure have been substantial. Some of the more meaningful events include:

1935	Tax rates were applied to total wages paid by employers. All employers paid the same rate.	
	1936	0.9%
	1937	1.8%
	1938-1942	2.7%
1943	Only the first \$3,000 of employee's wages were subjected to the annual tax. Experience rating procedures, provided first in 1943, have used different bases for rating employment experience. The 1943 law used a ratio of the excess of taxes over benefits to average annual payroll and set up steps of 2.3 percent, 1.9 percent and 1.5 percent for rated employers.	
1947	A 1.1 percent tax rate step was added.	
1951	The array method of reserve ratio experience rating is instituted to determine employers' tax rates. Each eligible employer has an experience factor calculated based on past experience. This factor is the reserve ratio of the accumulated excess of contributions over benefits divided by average taxable payroll for the past two, three or four years, depending on the length of time an employer has been in business. Employers are arrayed according to their experience factors. The Employment Security Law provides the percentage of taxable payroll to be assigned to each rate group. Those employers with the most favorable experience factor receive the lowest rate and other employers are rated according to their place in the array. The range of rates and the percentages in each rate group have been changed several times by legislative action.	
1955	The Legislature established five alternate tax tables with minimum tax rates ranging from 0.3 percent to 1.7 percent. The rate schedule in effect at any period was determined by the ratio of the unencumbered balance in the Unemployment Insurance Trust Fund to total taxable payroll.	
1961	For 1961 and 1962 only, a 25 percent surtax was added to the rates of Table 4 of the 1955 law. This resulted in effective rates of 1.625 percent to 3.375 percent for 1961 and 1962. This surtax was prompted by depletion of the trust fund during the 1960-1961 recession.	
1963	The Legislature amended the Employment Security Law to provide: <ul style="list-style-type: none">• Deficit rates above a standard rate for employers whose benefit charges exceed their taxes paid.• That the tax schedule for a particular rate year is determined by the ratio of fund balance to total wages.• Eight alternative tax schedules, each with seven rates for positive-rated employers, six rates for deficit employers and a standard rate for unrated employers. Schedule I varied from 0.3 percent to 3.9 percent while Schedule VII varied from 2.7 percent to 5.1 percent. The taxable wage base was raised from \$3,000 to \$3,600.	

- 1971 The taxable wage base was increased from \$3,600 to \$4,200 effective Jan. 1, 1972.
- 1975 The wage base becomes the same as the annual average wage rounded to the nearest \$600 multiple for covered employment in the second year prior to the effective date. Effective January 1976, the taxable wage base increased to \$7,800. The tax schedules were adjusted so that effective January 1976 Schedule I varied from 0.2 percent to 3.2 percent and Schedule VIII varied from 2.7 percent to 4.4 percent.
- 1983 The Legislature adopted through 1985 nine positive-rated tax schedules instead of eight and five deficit-rated tax schedules instead of six and increased the rates employers pay. Rate Schedule VI would be in effect for 1983, Rate Schedule VII for 1984 and Rate Schedule VIII for 1985. The 1985 Legislature modified its 1983 decision and made Rate Schedule VI effective for both 1985 and 1986.
- 1986 The Legislature added a new rate class on all schedules for the worst deficit employers — about 1 percent of all deficit-rated employers would pay 5.4 percent in the most favorable rate schedule and 6.8 percent in the least favorable schedule. The definition of wages was changed to include tips totaling \$20 or more in a month in a written statement furnished by the claimant to the employer and sick pay other than workers' compensation benefits. Any employer making a sickness or accident disability payment that is not excluded from wages will be treated as the employer with respect to payment of such wages. The law does not charge benefits paid to an individual who continues to perform services for an employer without a reduction in work schedule and is eligible to receive benefits based on earnings from another employer.
- 1987 The Legislature changed the computation that determines which rate schedule will be in effect. The ratio of the unencumbered balance in the trust fund to the total wages on June 30 immediately preceding the rate year determines the appropriate rate schedule beginning in 1989. This moved the computation date forward six months from Dec. 31 of the second prior year to June 30 immediately preceding the rate year.
- 1989 The Legislature created an innovative method of determining the annual rate schedule — computing from the penultimate year of an average cost multiple, which is a 10-year moving average of the ratios of annual benefits paid to total wages in covered employment multiplied by 1.5. This resulting ratio, when applied to covered wages of the penultimate year, represents the desired fund size.
- Beginning in 1989, the average cost multiple became the minimum ratio of total wages for Rate Schedule V, the middle of Idaho's nine rate schedules. The trust fund balance to wages ratio for Rate Schedules I through IX is then adjusted up or down from Rate Schedule V in equal increments of 0.005 percent.
- As an example of the new methodology, the average cost multiple for 1989 was 0.0264, and the ratio of fund balance to total wages in the penultimate year, 1987, was 0.0400, which triggered Rate Schedule III for 1989.
- One effect of the change was to return the point in time of the computation of the effective tax rate schedule to the penultimate year as it was prior to the 1987 legislation.
- 1991 The Legislature established an administrative fund to help meet Idaho Department of Employment operating expenses. The fund was financed by a reserve tax equal to 20 percent of the employers' taxable wage rate and invested by the state Treasurer. The reserve fund may be used for loans to the employment security fund and the repayment of interest-bearing advances and accrued interest. The state Treasurer deposits the interest earned by the reserve fund in the special administrative fund to be used by Idaho Department of Labor for administering the unemployment insurance and employment services programs.

The Legislature limited the 20 percent diversion of employer taxes to only those years when the balance of the Administrative Fund was less than 1 percent of Idaho taxable wages and less than half the balance of the Unemployment Insurance Trust Fund. The 20 percent diversion of employer taxes would be collected in combination with the remaining 80 percent, which is deposited in the Unemployment Insurance Trust Fund. When the Administrative Fund ceiling is reached, 100 percent of all employer taxes are deposited in the trust fund.

In calculating individual employer's reserve ratios, only taxes will be used in those years when the 20 percent diversion is in effect.

The combination of the trust fund and the newly established reserve fund would be used to compute the minimum ratio of the fund balance to total wages, which is used to determine which of Idaho's nine rate schedules are in effect for any particular rate year. The effective date for implementing this legislation was Jan. 1, 1991.

- 1995 The Legislature removed the expiration date on Idaho's special Administrative Fund and changed the computation date for determining which of Idaho's rate schedules will be in effect from Dec. 31 to Sept. 30, which will permit tax rate notices to be sent to employers earlier.
- 1996 The Legislature established the Workforce Development Training Fund with a training tax equal to 3 percent of the taxable wage rate in effect each year. As a result, unless a reserve tax is imposed, unemployment insurance taxes equal to 97 percent of the taxable wage rate. The legislation also changed the reserve tax established in 1991 from 20 percent of the taxable wage rate to 17 percent. Accordingly, when the 17 percent reserve tax is in effect, the training tax equals 3 percent of the taxable wage rate and the balance, 80 percent, goes to contributions.
- 1997 The Legislature cut 1997 taxes for Idaho's experience-rated employers by reducing the taxable wage base to \$21,000 from the \$22,800 that the index formula dictated and put Rate Schedule I in effect instead of Rate Schedule II, which was dictated by the formula. This change resulted in a 0.04 percent reduction in tax rates for all rate classes except the 5.4 percent rate class. These changes rolled back the taxable wage base and tax schedule to 1995 levels.
- 1998 The Legislature made substantive tax schedule changes by removing the highest two tax schedules and adding two lower schedules. Lawmakers lowered the standard rate for new employers on all schedules, reduced tax rates for most positive-rated employers, changed the percentage distribution in the array of taxable payroll that places employers in each rate class, reduced the percentage allocation of change for positive-rated employers when they move from one rate class to another and increased the percent of taxable payroll in the highest deficit tax rate from 1 percent to 5 percent.
- 2001 The Legislature froze the 2002 tax rates at the 2001 level — Rate Schedule II. The interest payment provisions for federal loans were changed to make it an option rather than a requirement for the director to levy a tax on experience-rated employers to pay loan interest.

- 2002 The Legislature continued the freeze at Rate Schedule II and the taxable wage base at \$27,600 for rate years 2003 and 2004 and ultimately extending the freeze until the first half of 2005 for an average effective rate of 0.8 percent. Employers continued to experience rate increases and decreases as they moved up and down the rate classes under the experience-rating methodology.
- 2003 The taxable wage base was frozen at \$27,600 for 2003 and 2004 and tax rates of 0.2 percent to 1.4 percent were assigned to positive-rated employers and 2.6 percent to 5.4 percent for negative-rated employers.
- 2005 The Legislature lowered trust fund adequacy measure with the Equitable and Proportional Model that triggers a more responsive tax structure using a mathematical equation to compute tax rates instead of the current tax schedule. This equation increases equity by implementing the same percentage tax rate changes for all employer rate classes. This change is phased in over three years by fixing the rates for 2005 and 2006. In 2007, the formula determined the rates under the Equitable and Proportional Model.

Penalties for fraud were increased to stop the practice of State Unemployment Tax Act, or SUTA, dumping — the manipulation of the tax system to obtain a lower tax rate. The primary methods of dumping are setting up shell companies to transfer payroll from the businesses with poor experience rating to new companies with the lower standard tax rate and setting up shell companies and transferring a few low-turnover positions to them until a new lower tax rate is achieved so the company can then transfer the remaining employees.

The unobligated balance of the Workforce Development Training Fund was capped to prevent the fund from becoming excessive during economic downturns. Funds over the cap are transferred to the Unemployment Insurance Reserve Fund.

Detail on this 2005 complete revision of the tax and benefit program can be found in Appendix III.

- 2006 The Legislature overrode the trigger criteria to allow a one-time tax diversion to reinforce the Reserve Fund. As a result, 17 percent of taxes were diverted from the employment security fund. For reimbursable employers, refunds can be made when yearly contributions exceed benefit payments and tax rates will be raised to compensate when benefit payments exceed contributions.
- 2007 The Legislature amended the civil penalty structure for employers who willfully fail to file timely quarterly wage reports. Monetary penalties of the greater of \$75 or 25 percent of the amount due are assessed against employers failing to file a timely report the first time, \$150 or 50 percent for the second time and \$250 or 100 percent for the third and subsequent times. If the employer has filed timely for the preceding 16 quarter, the penalty reverts and begins at \$75 or 25 percent.
- 2008 In cases where employers collude with employees to defraud the benefit system, a penalty of 10 times the employees' weekly benefit amount will be added to the liability of the employer in addition to other penalties provided by law.
- 2010 The multiplier used to determine the target balance of the trust fund was increased in stages from 0.8 to 1.5 beginning in one-tenth increments in 2012. Expected to reach the 1.5 level in 2018. Professional Employer Organizations were subjected to a fine of \$25 per client up to \$5,000 per quarter for every client they failed to provide full wage and employment reports on.
- The formula for triggering Federal-State Extended benefits under the total unemployment rate was revised. Benefits are to be paid when current rates are 110 percent of the three-month average for the third preceding year.

- 2011 Amends and adds to existing law relating to the Employment Security Law to allow the Department of Labor to revise the ratios of total base period earnings to the highest quarter earnings for employment security law purposes to adjust the weeks of entitlement.
Amends existing law to provide a civil penalty for professional employers who failed to file quarterly wage reports under the state's employment security law.
- 2018 Amends Section 72-1350, Idaho Code, to reduce the taxable wage rate used for determining employers' unemployment insurance by adjusting the unemployment fund multiplier downward to one and three-tenths (1.3) . This will result in a substantial net savings to Idaho's covered employers.

Table 14. Developments in Idaho's Tax Rate Provisions

Year Law Passed or Administrative Order Issued	Effective Date	Rate Schedules Percent	Wage Base (\$)	Eligibility Requirements for Experience Rating
2019	Jan-19	.251 - 5.4	40,000	6 Quarters
2018	Jan-18	.269 - 5.4	38,200	6 Quarters
2017	Jan-17	.399 - 5.4	37,800	6 Quarters
2016	Jan-16	.425 - 5.4	37,200	6 Quarters
2015	Jan-15	.453 - 5.4	36,000	6 Quarters
2014	Jan-14	.545 - 5.4	35,200	6 Quarters
2013	Jan-13	.786 - 6.8	34,800	6 Quarters
2012	Jan-12	.960 - 6.8	34,100	6 Quarters
2011	Jan-11	.960 - 6.8	33,300	6 Quarters
2010	Jan-10	.960 - 6.8	33,300	6 Quarters
2009	Jan-09	.447 - 5.4	33,200	6 Quarters
2008	Jan-08	.262 - 5.4	32,200	6 Quarters
2007	Jan-07	.372 - 5.4	30,200	6 Quarters
2006	Jan-06	.477 - 5.4	29,200	6 Quarters
2005	Jan-05	.429 - 5.4	28,000	6 Quarters
2004	Jan-04	.1 - 6.8	27,600	6 Quarters
2003	Jan-03	.1 - 6.8	27,600	6 Quarters
2002	Jan-02	.1 - 6.8	27,600	6 Quarters
2001	Jan-01	.1 - 6.8	25,700	6 Quarters
2000	Jan-00	.1 - 6.8	24,500	6 Quarters
1999	Jan-99	.1 - 6.8	23,600	6 Quarters
1998	Jan-98	.1 - 6.8	23,000	6 Quarters
1997	Jan-97	.1 - 6.8	21,000	6 Quarters
1996	Jan-96	.1 - 6.8	21,600	6 Quarters
1995	Jan-95	.1 - 6.8	21,000	6 Quarters
1994	Jan-94	.1 - 6.8	20,400	6 Quarters
1993	Jan-93	.1 - 6.8	19,200	6 Quarters
1992	Jan-92	.1 - 6.8	18,600	6 Quarters
1991	Jan-91	.1 - 6.8	18,000	6 Quarters
1990	Jan-90	.1 - 6.8	17,400	6 Quarters
1989	Jan-89	.1 - 6.8	16,800	6 Quarters

Appendix III

The 2005 Revision of the Unemployment Insurance Benefit and Tax Program

The revision of the benefit and tax program resulted from nearly three years of deliberation by a special task force of legislators, employers and employees following the recognition by Idaho Department of Labor Director Roger B. Madsen that the existing system would not remain solvent. The consensus proposal of the task force was unanimously approved by the Legislature. It introduces the principle of equitable and proportional disposition of the tax burden among employers and spreads both the pain of hard times and benefits of good times to both employers and workers by linking the maximum weekly benefit calculation to employer taxes. As taxes rise, the weekly benefit declines and vice versa. The law also imposes tougher penalties on fraud and failure to pay taxes.

COVERAGE

Excluded from the definition of employment is service by an individual paid less than \$50 per calendar quarter for work outside normal employment and not regularly required by the employer. A person is considered employed during a calendar quarter only if the work done outside normal employment requirements is done during at least part of the day on 24 separate days during the quarter or the employee was doing that work as part of normal employment during the preceding quarter.

Every covered employer must register with the department within six months of becoming a covered employer.

FINANCING

Deficit employers paying deficit rate-class six are excluded from paying the reserve tax when it is triggered.

- The unencumbered balance in the Workforce Development Training Fund is clarified in terms of when the excess over \$6 million must be transferred to the reserve fund.
- Employer tax rates were fixed for 2005 at 1.5 percent base rate and for 2006 at 1.67 percent base rate to phase in the equitable and proportional rate formula in 2007.
- The formulae were revised for calculating the average high cost ratio, the average high cost multiple, the benefit cost rate, the fund balance ratio, the base tax rate and the taxable wage rate. The criteria are set out for assigning taxable wage rates and contribution rates to employers.
- The minimum taxable wage rates range from 0.180 percent to 3.2 percent for positive-rated employers, 1 percent to 3.36 percent for standard-rated employers and from 1.08 percent to 6.8 percent for deficit-rated employers.
- A multiplier of 0.8 of the average high cost multiple over the last 20 years is put in place as a measure of fund sustainability.
- In cases of experience-rated account transfers, both the predecessor and successor employers are jointly and severally liable for any amounts due on the accounts.
- The penalty for failure to pay tax on time is raised from 2 percent to 4 percent, or \$10 to \$20, whichever is more.
- The penalty for employers failing to file quarter reports on time was set at 100 percent of the tax amount or \$250, whichever is more. This penalty was later modified to 25 percent of the tax or \$75 for the first offense, 50 percent or \$150 for the second offense and 100 percent or \$250 for the third and subsequent offenses.
- Jeopardy assessments including penalty and interest are subject to immediate seizure as well as other lawful collection procedures and are binding unless employers appeal within 14 days.

BONDS

- In 2011, The Legislature Amended and added to existing law relating to the Employment Security Law to allow the Department of Labor to issue bonds to repay advances from the federal Unemployment Insurance Trust Fund.

MONETARY ELIGIBILITY

- To be eligible for any week of benefits or waiting week credit, claimants must be able to work, available for work and seeking work unless sick, disabled or responding to a compelling personal circumstance that does not exceed a minor portion of the week in question.
- Claimants are ineligible for benefits during any week in which they own overpayments, penalties or interest resulting from a determination that they falsified or failed to report material facts of their cases.
- Requalification requirements are raised from 12 to 14 times the weekly benefit amount a claimant needs in wages after employment separation for reasons making them ineligible for benefits.
- The dates for key formula calculations are changed to Jan. 1 for the minimum qualifying wages, prior to Dec. 31 for determining average weekly wage and the maximum weekly benefit based on whether employer taxes are rising or falling.
- For 2005, the maximum weekly benefit amount was set at 57 percent of the average weekly wage in anticipating of phasing in a maximum benefit that slides inversely to employer tax rates.
- Duration of benefits is modified to be calculated weekly rather than biweekly between 10 and 26 weeks.
- Severance pay is defined as wages even if a claimant is required to sign a release of further claims to receive the severance pay.

OVERPAYMENTS

- Penalties for overpayments due to false statements, misrepresentations or omission of facts were increased to 25 percent of the overpayment for the first offense, 50 percent for the second offense and 100 percent for the third and subsequent offenses.
- The director has five years from the date of the determination to file a civil action to establish liability for repayment of overpayments.
- All judgments for overpayments become liens.
- In cases not resulting from fraud, overpayments that go uncollected for five years can be designated as uncollectable.
- In cases involving fraud, overpayments that go uncollected for eight years can be designated as uncollectable.
- The director has the authority to waive repayment of overpayments due to department error or inadvertence in cases where the claimant could not reasonably have known about the error.
- The director can compromise on civil penalties and interest in cases involving fraud.

APPEALS

Chargeability of benefits to an employer's account becomes final unless appealed within 14 days.

Appendix IV

Major Historical Developments in Coverage Provisions (Table 15)

1935	Covered employment is defined as any service performed for wages unless specifically excluded in the law. The major exclusions in the 1935 Idaho law, which was written to comply with federal standards, were jobs in agriculture, government, nonprofit organizations, domestic work and jobs held by certain family members. There were numerous other exclusions, but these affected a relatively small number of workers.
1959	Major changes added city, county and most state workers. The latter group was included in covered employment from January 1962 to April 1963.
1963	City and county government workers were removed from coverage. Benefits paid to former state employees were on a reimbursable basis and therefore, did not directly affect the Unemployment Insurance Trust Fund.
1967	Idaho law has, almost from the beginning, covered workers in firms employing one or more workers, provided that the quarterly payroll met the legal minimum. Federal standards originally required coverage by firms with eight or more workers. This was later reduced to four or more workers and finally, to firms with one or more workers. In 1937, the Idaho minimum quarterly payroll subject to taxes was \$75. This was raised to \$150 in July 1955 and to \$300 in July 1967.
1972	Coverage in Idaho was again broadened to all faculty members and administration officials of state-operated schools. Workers packaging fresh fruits and vegetables and haulers of farm products, previously classified as agriculture workers, were reclassified to food processing and transportation and also became covered. Most services for nonprofit organizations are covered including employees of all hospitals.
1978	Coverage was extended to local government workers, domestic workers and agriculture workers. The minimum quarterly payroll for domestic workers was set at \$1,000 in any quarter of the preceding calendar year. Agriculture workers are covered if their employers paid \$20,000 or more in wages in any one quarter or if they employed at least 10 workers in agricultural labor for 20 days during the year.
1986	Benefits between terms and during vacation period were denied to individuals employed by any educational service agency.
1986	The minimum quarterly payroll requiring taxes to be paid was raised from \$300 to \$1,500.
1997	Professional Employer Organization experience rating legislation allows Professional Employer Organizations to use the experience rate of the businesses with which they are contracting. Services by Americorps program participants are exempt from coverage.
2010	The Legislature limits the amount of charges against an employer account when claimants in approved training fail to accept suitable work offers from the charged employer. The benefit charges at that point become socialized for purposes of experience rating.

Table 15. Major Developments in Coverage Provisions

Effective Date	Size of Firm	Minimum Quarterly Wage	Coverage Change
1/1/2010	1 or more	1,872	
1/1/2009	1 or more	1,690	
1/1/2008	1 or more	1,508	
7/1/1998	0 or more	1,326	Minimum quarterly wage indexed to minimum wage
1/1/1979	1 or more	300	Added local government workers, domestic workers and agriculture workers
1/1/1972	1 or more	300	Added school coverage for state universities and administrative staff, professional staff of state hospitals, employees of most nonprofit organizations and some food processing and transportation workers, who were previously classified as agriculture workers
7/1/1967	1 or more	300	
5/1/1963	1 or more	150	Removed coverage for city and county government workers
1/1/1962	1 or more	150	Added city and county government workers
7/1/1959	1 or more	150	Added state employees, except school faculties, elective and some medical specialists
7/1/1955	1 or more	150	
7/1/1947	1 or more in each of 20 weeks	78	
1/1/1939	1 or more	78	
6/18/1905	1 or more	1,500	
4/20/1905	1 or more	75	
4/19/1905	8 or more in each of 20 weeks		

Appendix V

The 2011 Revision of the Unemployment Insurance Benefit and Tax Program

New Idaho Code Section 72-1351B. Federal conformity provision prohibiting relief from liability.

- (1) An experience rated employer's account may not be relieved of charges and a reimbursing employer may not be relieved of liability for benefits paid to a claimant that are subsequently determined to be overpaid if:
 - a) the covered employer or an agent of the covered employer is at fault for failing to respond timely or adequately to the department's written or electronic request for information relating to a claim for unemployment insurance benefits; and
 - b) the covered employer or agent of the covered employer has established a pattern of failing to timely or adequately respond.
- (2) A response is timely if the requested information is received by the department within seven (7) days from the date the request is mailed or sent electronically. This time limit may be extended by the department at its discretion upon a covered employer's or agent of the covered employer's written request.
- (3) A response is adequate if it provides sufficient facts to allow the department to make the correct determination. A response will not be considered inadequate if the department failed to ask for all necessary information.
- (4) A pattern of failure to respond timely or adequately means at least two (2) or more instances of such behavior. If a covered employer uses a third party agent to respond on its behalf, then a pattern may be established based on that agent's behavior with respect to the individual client or covered employer that agent represents.
- (5) A covered employer shall be notified in writing of the department's determination, which shall become final unless, within fourteen (14) days after notice as provided in section 72-1368(5), Idaho Code, an appeal is filed by an interested party with the department in accordance with the provisions of section 72-1361, Idaho Code.

New Idaho Code Section 72-1369 Overpayments, civil penalties and interest -- Collection and waiver.

- (1) Any person who received benefits to which he was not entitled under the provisions of this chapter or under an unemployment insurance law of any state or of the federal government shall be liable to repay the benefits and the benefits shall, for the purpose of this chapter, be considered to be overpayments.
- (2) Civil penalties. The director shall assess the following monetary penalties for each determination in which the claimant is found to have made a false statement, misrepresentation, or failed to report a material fact to the department:
 - a) Twenty-five percent (25%) of any resulting overpayment for the first determination;
 - b) Fifty percent (50%) of any resulting overpayment for the second determination; and
 - c) One hundred percent (100%) of any resulting overpayment for the third and any subsequent determination.
- (3) Any overpayment, civil penalty and/or interest which has not been repaid may, in addition to or alternatively to any other method of collection prescribed in this chapter, including the creation of a lien as provided by section 72-1360, Idaho Code, be collected with interest thereon at the rate prescribed in section 72-1360(2), Idaho Code. The director may also file a civil action in the name of the State of Idaho. In bringing such civil actions for the collection of overpayments, penalties and interest, the director

shall have all the rights and remedies provided by the laws of this state, and any person adjudged liable in such civil action for any overpayments shall pay the costs of such action. A civil action filed pursuant to this subsection (3) shall be commenced within five (5) years from the date of the final determination establishing liability to repay. Any judgment obtained pursuant to this section shall, upon compliance with the requirements of chapter 19, title 45, Idaho Code, become a lien of the same type, duration and priority as if it were created pursuant to section 72-1360, Idaho Code.

- (4) Collection of overpayments and civil penalties.
 - a) Overpayments, other than those resulting from a false statement, misrepresentation, or failure to report a material fact by the claimant, which have not been repaid or collected, may, at the discretion of the director, be deducted from any future benefits payable to the claimant under the provisions of this chapter. Such overpayments not recovered within five (5) years from the date of the final determination establishing liability to repay may be deemed uncollectible.
 - b) Overpayments resulting from a false statement, misrepresentation, or failure to report a material fact by the claimant, which have not been recovered within eight (8) years from the date of the final determination establishing liability to repay, may be deemed uncollectible.
 - c) The first fifteen percent (15%) of a civil penalty assessed pursuant to subsection (2) of this section shall be paid into the employment security fund created by section 72-1346, Idaho Code, and any additional amounts collected shall be paid into the employment security administrative and reimbursement fund created by section 72-1348, Idaho Code.
- (5) The director may waive the requirement to repay an overpayment, other than one resulting from a false statement, misrepresentation, or failure to report a material fact by the claimant, and interest thereon, if:
 - a) The benefit payments were made solely as a result of department error or inadvertence and made to a claimant who could not reasonably have been expected to recognize the error; or
 - b) Such payments were made solely as a result of an employer misreporting wages earned in a claimant's base period and made to a claimant who could not reasonably have been expected to recognize an error in the wages reported.
- (6) Neither the director nor any of his agents or employees shall be liable for benefits paid to persons not entitled to the same under the provisions of this chapter if it appears that such payments have been made in good faith and that ordinary care and diligence have been used in the determination of the validity of the claim or claims under which such benefits have been paid.
- (7) The director may, in his sole discretion, compromise any or all of an overpayment, civil penalty in excess of the amount required to be paid into the employment security fund pursuant to subsection (4)(c) on this section, interest or fifty-two (52) week disqualification assessed under subsections (1) and (2) of this section and section 72-1366(12), Idaho Code, when the director finds it is in the best interest of the department.

Amended Idaho Code. That Section 72-1603, Idaho Code, be, and the same is hereby amended to read as follows:

72-1603. Definitions. As used in this chapter:

- (1) "Date of hire" or "date of rehire" means the actual commencement of employment of an employee for wages or other remuneration.
- (2) "Department" means the Idaho department of labor.
- (3) "Director" means the director of the Idaho Department of Labor.
- (4) "Employee" means an individual who is an employee within the meaning of 26 U.S.C. 3401. "Employee" does not include an employee of a federal or state agency performing intelligence or counterintelligence functions, if the head of such agency has determined that reporting information with respect to the employee pursuant to this chapter could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.
- (5) "Employer" has the meaning given such term in 26 U.S.C. 3401(d) and includes labor organizations and governmental entities, except for any department, agency or instrumentality of the United States. The term "employer" does not include a multistate employer who has notified the United States secretary of Health and Human Services in writing that it will transmit new hire reports magnetically or electronically to a state other than Idaho.
- (6) "Labor organization" shall have the meaning given such term in 29 U.S.C. 152(5), and includes any entity (also known as a "hiring hall") which is used by the organization and an employer to carry out requirements described in 29 U.S.C. 158(f)(3) or an agreement between the organization and the employer.
- (7) "Rehire" means to re-employ an individual who was laid off, separated, furloughed, granted leave without pay or terminated from employment at least twelve (12) months sixty (60) consecutive days prior to re-employment.

New Idaho Codes 1 and 2 of this act shall be in full force and effect on and after Oct. 22, 2013.

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